

REMARKS

Initially, Applicants acknowledge with appreciation the allowance of Claim 48 provided that it is rewritten in independent form. Claim 48 is amended to incorporate the subject matter of Claims 12, 45 and 47 from which it depends. Claim 48 is therefore in condition for allowance.

Referring to paragraph nos. 1 and 2 of the Office Action, Claims 1-11, 22-42 and 50-67 have been canceled. With regard to paragraph nos. 3 and 4 of the Action, Claims 13 and 14 have been amended so that the main tax gateway is not defined as comprising a controlling subsystem and a memory subsystem. Accordingly, the objections to the drawings under 37 CFR 1.83(a) and the rejection of Claim 14 under 35 U.S.C. §112, first paragraph, have been overcome. Referring next to paragraph no. 6 of the Action, Claims 13-21 and 44 were rejected under §112, second paragraph, as being indefinite. In conformity with the Examiner's finding, all Claims 13-21 and 43-49 include "The control system" as part of the preamble. Additionally, Claim 44 has been amended so that it depends from Claim 43 and not itself.

Each of the afore-discussed amendments contribute to placing the application in condition for allowance. Furthermore, independent Claim 12 and Claim 47, which has been rewritten as an independent claim, have been amended to include "address validation" and "business rules" requirements, respectively. Claim 48, which was objected to but deemed allowable, was directed to certain business rules. Upon consideration of the further amended Claims 12 and 47, these two independent claims should be found allowable. Claims 13-21, 43-46 and 49 depend from Claim 12 and are therefore allowable. New Claim 68 depends from Claim 12 and is allowable. New Claims 69-79 depend from Claim 47 and are also allowable.

Regarding the substantive rejections of the claims, Claims 12-17, 20, 21, 43, 45-47 and 49 were rejected under 35 U.S.C. §103(a) as unpatentable over the patent to Golden et al. (US 5,774,872 and hereinafter also referred to as Golden) in view of the patent to Francisco et al. (US 5,799,283 and hereinafter also referred to as Francisco) and the Tax Net Systems Proposal. Claims 12, 13, 18, 19 and 21 have been rejected under §103(a) as unpatentable over the Golden patent in view of the Francisco patent and the patent to Todd (US 6,463,418). Claims 12, 13, 21, 43 and 44 are rejected under §103(a) as unpatentable over the Golden patent in view of the Francisco patent and the patent to Fulton et al. (US 6,182,052). Based on the amendments to independent Claims 12 and 47, such prior art is distinguished from the present invention.

The main two prior art references relied upon are the Golden and Francisco patents. The Golden patent discloses a tax collection system 10 that includes POS terminal 16 through which customer transactions can be entered. The tax related information can be gathered and transferred from these terminals to data collection sub-stations 30. The sub-stations 30 send this information to a central computer 12. The central computer 12 can be linked to a financial institution 39, such as a bank. The amount related to transaction taxes collected by the merchant and owing to the governmental entity can be automatically transferred from the financial institution to a central computer or directly to the state government 38.

The Francisco patent describes an automated tax collection system that includes a tax register 8 at each of participating retailers. The tax register processes consumer transactions, including a determination of taxes to be paid. The tax information is sent to a computer 13 at a governmental agency. The computer 13 also communicates with a CPU 31 at a remote location 33 so that the tax information can be periodically reported to it. The tax register 8 also communicates with a credit card verifying source 63. Although such prior art generally teaches systems for tax information gathering and tax collection, they are deficient in disclosing novel and non-obvious practical implementations as found in the present invention.

Referring to Claim 12, it calls for, among other things, certain key requirements not found in the prior art references, including the Golden and Francisco patents and other references. In particular, the control system performs certain operations related to a transaction, such as the first transaction. First, the control system validates or invalidates address information associated with the another party, which may be the consumer who is purchasing the product or service. This is disclosed and supported on page, 17, lines 35 and 36, page 18, lines 1-5, Fig. 10, page 35, lines 32-36 and page 36, lines 1-36. Neither the Golden nor the Francisco patents have any disclosure related to such a validation or invalidation performed by a control system. In rejecting Claims 18 and 19, the Examiner urges that authentication and verification information is found in the Todd patent. Applicants respectfully disagree. The Todd patent describes an electronic business transaction system in which a database server 140 includes a customer registry table for storing customer information, including geographic information. See col. 8, ll. 2-15. However, such a system is commonplace in the sense of storing customer address information provided by the customer. Applicants' invention, on the other hand, requires that the address information be validated or

invalidated. Examples for such validation or invalidation are described in conjunction with Fig. 10. The present invention therefore does not merely store address information, it determines whether such address information is accurate using one or more desired means or operations. This is important in making proper determinations related to taxes. This is not found in the Todd reference since it is not interested in and fails to mention functions or operations directed to tax information gathering.

Secondly, Claim 12 requires that the control system determine one or more tax authorities that has a nexus for the address information that is validated or invalidated. Support for this operation conducted by a control system related to the first transaction is found, for example, on page 18, lines 6-16. Again, there is no description in the Golden and Francisco patents related to ascertaining identities of tax authorities that have a nexus, particularly a determination based on address information that is validated. Even if it were argued that one or more applicable tax authorities must be selected or otherwise made known in some manner, there is no teaching or suggestion that tax authority identification be based on one or more tax authorities that has a nexus for address information that is validated.

Applicants submit that such emphasis in the further amended Claim 12, based on patentable features associated with the control system, should be considered and found patentable. Such a combination of patentable features clarifies the control system capabilities of the present invention. If they were present in the prior art, the Examiner would have identified them in previous searching. Thus, Claim 12 should be considered and allowed.

Referring next to independent Claim 47, it calls for, among other things, a control system that uses business rules obtained from the first merchant and uses nexus information of the first merchant. The business rules indicate services that the control system is to perform and aspects related to how the first merchant performs its business. These aspects are used in determining tax information applicable to the first transaction. The nexus information indicates where the first merchant has a physical presence. This is described and supported on page 14, lines 8-14 and page 40, lines 16-24. In contrast, none of the prior art references, including the Golden and Francisco patents, discloses any business rules obtained from the first merchant that the control system uses in connection with a first transaction. Furthermore, the business rules indicate what services the control system is to perform for the first merchant. Even if the Examiner's contention that the prior

art inherently discloses business rules, such prior art lacks any specificity that the business rules indicate services to perform, e.g. different merchants can have different services performed for them. Moreover, such generalizations proposed by the Examiner, in the context of business rules, do not rise to a teaching that the business rules include aspects related to how the first merchant performs its business. Once again, the business rules associated with the first transaction are based on input from the first merchant, particularly the manner by which it performs its business. This is not found in the prior art of record.

Like amended Claim 12, Applicants respectfully submit that no new issues are raised by these amendments since they emphasize features previously noted. Consequently, no further searching for possibly pertinent prior art is necessary or appropriate. Claim 47 should be considered and allowed.

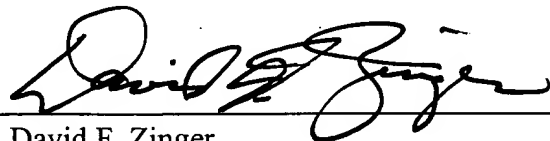
Dependent Claims, including new Claims 68-79, depend from one of these allowable independent Claims 12 and 47. Thus, there are no additional issues to be considered with these dependent Claims and no further searching is required. Claims 43-46, 49 and 68-79 should, therefore, be allowed.

A sincere effort has been made to place the application in condition for allowance and avoid the necessity of an appeal. Entry and allowance of the claims is earnestly solicited.

Respectfully submitted,

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Date: 3-11-03